

14 May 2019

Leyun Kong
Network Output Measures
Ofgem
Commonwealth House
32 Albion Street, Glasgow
G1 1LH

Dear Leyun:

Northern Gas Networks response to Ofgem Consultation: Gas Distribution Network Output Measures Rebasing Consultation.

Thank you for the opportunity to respond to your consultation regarding the rebased targets for Network Output Measures (NOMs).

We consider that the implementation and measurement of NOMs provides a robust framework that enables a consistent and transparent basis upon which to measure asset health, criticality and risk and that the rebased RIIO-GD1 NOMs targets provide an accurate representation of the network risk reduction that we were funded to deliver in RIIO-GD1.

We agree with the approach outlined in your consultation and consider that it provides an appropriate assessment of the NOMS GD1 targets. Our response to the specific questions that you have raised in your consultation are provided below.

Question 1: *Do you agree with our rebasing assessment methodology? Where you disagree, please clearly set out your reasoning and specify other considerations/factors we should take into account.*


We agree with the approach that ofgem have taken in the rebasing assessment methodology. The methodology ensured that multiple tests were applied which we are supportive of as we agree with ofgem's position that no single test can by itself confirm that the Rebased Targets satisfy our licence requirements.



Question 2: *Do you agree with our view that the Rebased Targets satisfy the licence requirements? Where you disagree, please clearly set out your reasoning.*

We consider that the rebased targets satisfy the licence requirements in that they are 'consistent with the Authority's assumption for asset integrity and replacement expenditure set out in Final Proposals' and are 'as equally challenging as the Original Targets'.

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Question 3: Do you agree with our intention to approve the Rebased Targets for each GDN?
Where you disagree please clearly set out your reasoning.

We support ofgem's intention to approve our Rebased Target. We agree with ofgem's view that the proposed targets are:

1. Consistent with the NOMs Methodology;
2. Consistent with the Authority's assumption for asset integrity and replacement expenditure set out in Final Proposals;
3. Equally as challenging as the Original Targets, and
4. In the same format as the Workbook, i.e. the Original Targets.

We look forward to working with Ofgem in delivering against this methodology. Should you wish to discuss our response to this consultation in more detail, please contact me by email gdodd@northerngas.co.uk or phone 07966 887 355.

Kind Regards



Greg Dodd | Head of Asset Strategy
Northern Gas Networks

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